



OFFICE OF FINANCIAL MANAGEMENT

S T A T E O F W A S H I N G T O N

REPORT OF FISCAL YEAR 2002 SAVINGS INCENTIVE ACCOUNT EXPENDITURES

RCW 43.79.460

BUDGET DIVISION

DECEMBER 2002

Contents of Report

Overview.....	2
Background	
Expenditures from the Savings Incentive Account in FY 2002;	
End-of-Year Expenditure Patterns	
Exhibit 1.....	4
General Fund-State Appropriations Compared to Actual Expenditures;	
General Fund-State Reversions by Fiscal Period	
Summary of State Savings Incentive Program Distributions	
Exhibit 2.....	6
Savings Incentive Account (SIA) Credits and Expenditures by Agency	
Exhibit 3	8
Savings Incentive Account Expenditures in Fiscal Year 2002:	
Summary Report by Agency and Category of Expenditure	
Exhibit 4.....	9
Savings Incentive Account Expenditures in FY 2002:	
Agency Detail Reports	
Exhibit 5.....	15
End of Fiscal Period Expenditure Patterns:	
Agency Responses	
Exhibit 6.....	20
Text of Authorizing Legislation (RCW 43.79.40) and Related Appropriation Bill	
Language	



Overview: Savings Incentive Program

Background

THE SAVINGS INCENTIVE PROGRAM was created in 1997 by legislative passage of Governor Locke's initiative to promote efficiency in agency spending and help to support public schools. Through guidelines set out in statute and in appropriations bill language, agencies are credited with one-half of all state General Fund-State (GF-S) savings not related to entitlement or other targeted spending authority. Remaining savings are directed to the Education Savings Account, 10 percent of which is transferred to Higher Education for distinguished professorships, the graduate fellowship trust fund, and the college faculty award trust fund. The balance may be appropriated for common school construction and education technology.

The legislation establishing the Savings Incentive Program requires that the Office of Financial Management (OFM) report each December 1 to the legislative fiscal committees on implementation of RCW 43.79.460.

Expenditures from the Savings Incentive Account in Fiscal Year 2002

Based on the amount of eligible GF-S reversions (unspent appropriations) in Fiscal Year 1997 through Fiscal Year 2001, agencies have received a total of \$22.1 million in credits in the Savings Incentive Account. An additional \$2.5 million from Fiscal Year 2002 reversions will bring this total to \$24.6 million. The remaining GF-S reversions of \$197.1 million over six years were transferred into the Education Savings Account.

Because the Savings Incentive Account is not appropriated, credits remain with the agency until they are spent. As of the end of Fiscal Year 2002, agencies had used \$11.3 million of the \$22.1 million in available funding.

The authorizing legislation limits Savings Incentive Account expenditures to one-time activities that improve the quality, efficiency, and effectiveness of customer services in agencies. Since the amount of this resource is unpredictable, it may not be used to create new or expanded services, or to incur ongoing obligations.

The detailed reports of expenditures for the 19 agencies that spent from the Savings Incentive Account in Fiscal Year 2002 are contained in Exhibit 4. Some examples of expenditures are as follows:

Employee Training

- €# Technology and web design/maintenance training has strengthened effective communication and operation for several agencies, including the Governor's Office, Lieutenant Governor, Licensing, and Community and Technical College System.
- €# The Washington Redistricting Commission staff received GIS training to improve their knowledge and expertise in mapping congressional and legislative boundaries.

Technology and Work Process Improvements

- €# Outdated hardware, software, and network infrastructure were upgraded to enhance customer service by improving web pages, information retrieval and file maintenance.
- €# The Department of Ecology redeveloped the Online Permit Assistance System (OPAS) to eliminate redundancy and improve service to permit applicants.
- €# The Department of Corrections used funds to support the design of the new Offender Management Network Information (OMNI) Phase II project, which will replace the Department's 20 year-old Offender Based Tracking System.

Other

- €# With the closure of the legislative building, several agencies purchased equipment and furnishings needed for their physical relocation.
- €# The Department of Ecology purchased two Evacu-Trac chairs to enable physically challenged visitors/staff to be safely transported downstairs in the event of an emergency.

End of Year Expenditure Patterns

Agencies who received General Fund-State (GF-S) appropriations were asked what effect, if any, the potential for receiving Savings Incentive Account credits of unspent Fiscal Year 2002 GF-S appropriations had on end-of-year expenditures.

Responses to this question (Exhibit 5) indicate that most agencies considered the existence of the Savings Incentive Program to have minimal effect on their end of fiscal year spending patterns. Several agencies, however, stated that the opportunity to use these incentive funds was beneficial to the agency and the public.

Actual fiscal year GF-S expenditures (by month) for the six years of the program's existence do not demonstrate any expenditure patterns that can be solely attributed to the Savings Incentive Program.

Exhibit 1

General Fund – State Appropriations Compared to Actual Expenditures

Biennium/Year	GF-S Appropriations	GF-S Actuals	Difference (Reversions)
1989-91	12,877,546,448	12,822,278,134	55,268,313
1991-93	15,276,996,675	15,179,946,506	97,050,169
1993-95	16,419,247,997	16,315,126,491	104,121,506
FY 1996*	8,649,982,538	8,619,568,427	30,414,111
FY 1997	9,112,843,950	9,051,113,910	61,730,040**
FY 1998	9,329,632,470	9,287,455,949	42,176,521***
FY 1999	9,826,031,240	9,770,861,657	55,169,583
FY 2000	10,218,505,894	10,194,205,431	25,343,667***
FY 2001	10,826,200,846	10,803,573,538	23,277,462***
FY 2002	11,219,066,209	11,200,348,474	18,717,735****

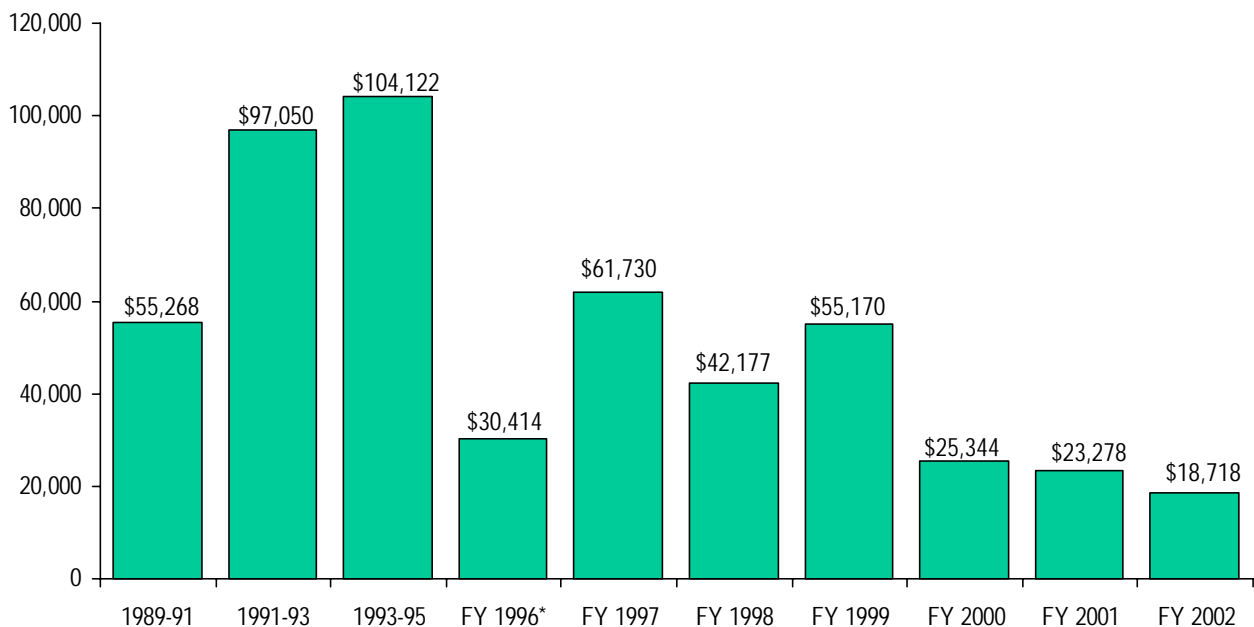
* Beginning of fiscal year appropriations for General Fund-State.

** Does not reflect debt service, which can legally exceed the appropriation.

*** Does not reflect all retirement contributions, which can legally exceed the appropriation.

**** Includes \$4.7 million in allotment reductions exempted from the Savings Incentive Program by the Legislature in the 2002 Supplemental budget.

General Fund State Reversions by Fiscal Period (\$ in thousands)



Summary of State Savings Incentive Program Distributions

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002*	Totals to Date
Savings Incentive Account Allocations to Agencies	\$7,195,113	\$3,818,384	\$4,855,871	\$2,202,916	\$4,055,657	\$2,501,261	\$24,629,201
Transfers to Education Savings Account for School Technology and Construction	51,737,034	34,522,323	45,282,341	20,826,676	\$17,299,625	\$10,366,155	\$180,034,154
Transfers to Higher Education	2,797,893	3,835,814	5,031,371	2,314,075	\$1,922,181	\$1,151,795	\$17,053,129
Total Reversions	\$61,730,040	\$42,176,521	\$55,169,583	\$25,343,667	\$23,277,462	\$14,019,211**	\$221,716,484

*New distributions, 12/02.

**Actual reversions of \$18.7 million less \$4.7 million of savings exempted by the Legislature.

Exhibit 2

Agency	Program Credits to 6/30/2002	Spending To 6/30/2002	Balance Remaining	Percent Spent
011 House of Representatives	2,597,296	1,864,582	732,713	71.8%
012 Senate	5,330,084	3,670,772	1,659,312	68.9%
014 Joint Legislative Audit and Review Committee	787,779	121,444	666,335	15.4%
020 LEAP Committee	233,081	83,514	149,567	35.8%
040 Statute Law Committee	213,821	96,094	117,727	44.9%
045 Supreme Court	199,774	12,039	187,735	6.0%
046 State Law Library	1,805	1,392	413	77.1%
048 Court of Appeals	291,037	20,109	270,928	6.9%
050 Commission On Judicial Conduct	82,786	16,923	65,863	20.4%
075 Office of the Governor	246,420	169,590	76,830	68.8%
080 Office of Lieutenant Governor	34,519	24,018	10,501	69.6%
082 Public Disclosure Commission	40,320	633	39,687	1.6%
085 Office of the Secretary of State	785,214	568,137	217,078	72.4%
086 Governor's Office of Indian Affairs	6,471	2,378	4,093	36.8%
087 Commission on Asian-Pacific American Affairs	6,216	6,216	0	100.0%
091 Redistricting Commission	71,843	71,843	0	100.0%
095 Office of State Auditor	37,987	0	37,987	0.0%
099 Commission on Salaries Elected Officials	25,138	0	25,138	0.0%
100 Office of Attorney General	208,536	6,465	202,072	3.1%
101 Caseload Forecast Council	15,871	0	15,871	0.0%
103 Community, Trade and Economic Development	507,330	232,301	275,029	45.8%
104 Economic and Revenue Forecast Council	92,451	60,813	31,638	65.8%
105 Office of Financial Management	506,862	323,161	183,701	63.8%
118 WA State Commission on Hispanic Affairs	16,927	591	16,336	3.5%
119 WA State Commission on African-American Affairs	3,050	309	2,741	10.1%
120 Human Rights Commission	24,582	0	24,582	0.0%
140 Department of Revenue	1,382,463	525,577	856,886	38.0%
142 Board of Tax Appeals	22,075	17,969	4,106	81.4%
150 Department of General Administration	61,299	8,009	53,290	13.1%
195 Liquor Control Board	14,963	14,963	0	100.0%
225 Washington State Patrol	166,767	0	166,767	0.0%
235 Department of Labor and Industries	51,677	28,600	23,077	55.3%
240 Department of Licensing	219,617	101,698	117,919	46.3%
245 Military Department	40,783	18,185	22,598	44.6%
250 Indeterminate Sentence Review Board	134,105	48,299	85,806	36.0%
275 Public Employment Relations Commission	68,366	43,274	25,092	63.3%
300 Department of Social and Health Services	2,487,656	1,992,550	495,106	80.1%
303 Department of Health	431,418	187,699	243,719	43.5%
305 Department of Veterans' Affairs	16,925	9,597	7,328	56.7%
310 Department of Corrections	1,283,905	67,464	1,216,441	5.3%
315 Department of Services for the Blind	4,654	0	4,654	0.0%
325 Sentencing Guidelines Commission	94,565	11,519	83,046	12.2%
343 Higher Education Coordinating Board	314,531	0	314,531	0.0%

Exhibit 2

Agency	Program Credits to 6/30/2002	Spending To 6/30/2002	Balance Remaining	Percent Spent
350 Superintendent of Public Instruction	969,093	259,402	709,691	26.8%
351 State School for the Blind	50,402	12,635	37,767	25.1%
353 State School for the Deaf	49,987	46,000	3,987	92.0%
354 Work Force Training and Education	106,788	33,987	72,801	31.8%
360 University of Washington	77,502	0	77,502	0.0%
365 Washington State University	2,627	2,627	0	100.0%
380 Western Washington University	7,916	0	7,916	0.0%
385 State Library	1,856	1,266	590	68.2%
387 Arts Commission	8,875	2,448	6,427	27.6%
390 Washington State Historical Society	2,684	1,226	1,458	45.7%
395 Eastern Washington Historical Society	2,678	0	2,678	0.0%
460 Columbia River Gorge Commission	16,784	11,748	5,036	70.0%
461 Department of Ecology	600,965	227,446	373,519	37.8%
465 State Parks and Recreation Commission	27,459	0	27,459	0.0%
468 Environmental Hearings Office	72,290	8,168	64,122	11.3%
471 State Conservation Commission	75,812	6,471	69,341	8.5%
476 Growth Management Hearings Board	53,341	4,849	48,491	9.1%
477 Fish and Wildlife	69,945	0	69,945	0.0%
490 Department of Natural Resources	82,527	0	82,527	0.0%
495 Department of Agriculture	305,349	154,115	151,234	50.5%
540 Employment Security Department	73,770	98,466	-24,696	133.5%
699 Community and Technical College System	306,333	35,532	270,801	11.6%
Totals	22,127,936	11,335,111	10,792,826	51.2%

Exhibit 3

**Savings Incentive Account Expenditures in Fiscal Year 2002
By Agency and Category of Expenditure**

Agency	Total	Employee Training	Employee Incentives	Technology Improvements	Improved Work Processes	Performance Measurements	Other
House of Representatives	711,997			564,978	147,019		
Senate	335,226						335,226
Joint Legislative Audit and Review Committee	73,907			73,907			
Statute Law Committee	96,094			96,094			
Supreme Court	10,787	5,135					5,652
Court of Appeals	14,146	8,482		5,664			
Office of the Governor	6,231	1,555					4,676
Office of Lieutenant Governor	10,337	1,300		2,222			6,815
WA Redistricting Commission	71,843	2,251		30,630	33,139		5,823
Community, Trade & Economic Development	222,041			222,041			
Comm. on Hispanic Affairs	591			591			
Department of Revenue	22,982			22,982			
Board of Tax Appeals	2,948			2,948			
Liquor Control Board	14,963	14,963					
Department of Licensing	29,147	215				28,932	
Department of Corrections	67,464			35,396	32,068		
Department of Ecology	36,861	779	4,638	20,074		1,707	9,663
Department of Agriculture	28,165	18,442	172				9,551
Community and Technical College System	24,696			6,950		17,746	
Totals by Category	1,780,426	53,122	4,810	1,084,477	212,226	48,385	377,406
	100%	3.0%	0.3%	60.9%	11.9%	2.7%	21.2%

Exhibit 4

Savings Incentive Account Expenditures in Fiscal Year 2002 Agency Detail Reports

House of Representatives

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	564,978	(No further detail provided by agency.)
Improved Work Processes	147,019	
Total FY 02 Expenditures	<u>\$711,997</u>	

Senate

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Other	335,226	These dollars funded the restoration of historical photos and continued design and installation of "vac" system in Cherberg, Newhouse and Library Buildings.
Total FY 02 Expenditures	<u>\$335,226</u>	

Joint Legislative Audit and Review Committee

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	73,907	Funds were used for recommended technology improvements: Upgraded facility's old network wiring infrastructure that was no longer within industry standards and replaced outdated communication server that was beginning to fail with an Expansion Port Network system (as used by the rest of the Legislature), as well as various other associated system upgrades. Upgrades have increased efficiency of technological systems contributing to increased productivity.
Total FY 02 Expenditures	<u>\$73,907</u>	

Statute Law Committee

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	96,094	Expenditures were made to design and upgrade basement area for efficient office use during temporary relocation from the Legislative Building, and to continue efficient services to the public and to legislative and agency clients.
Total FY 02 Expenditures	<u>\$96,094</u>	

Supreme Court

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	5,135	Supreme Court Justices participated in a judicial college course.
Other	5,652	Funds were expended in connection with the Civil Equal Justice Task Force.
Total FY 02 Expenditures	<u>\$10,768</u>	

Court of Appeals

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	8,482	Training was provided to Court of Appeals staff regarding efficient and effective methods for conducting research.
Technology Improvements	5,664	The funding provided technological improvements for Court of Appeals clients.
Total FY 02 Expenditures	<u>\$14,146</u>	

Office of the Governor

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	1,555	Employees attended training to learn new skills on creating and maintaining web pages. Improves the ability to keep the public informed with current technology.
Other	4,676	One-time purchases of furnishings and equipment needed for the move to the Insurance Building. Improves staff efficiency.
Total FY 02 Expenditures	<u>\$6,231</u>	

Office of the Lieutenant Governor

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	1,300	This spending paid for web design training – the Lieutenant Governor's website is now redesigned to be more user friendly and is updated on a weekly basis to reflect his activities and objectives.
Technology Improvements	2,222	This funding provided for the upgrade of outdated computer hardware and software to improve web page design, information retrieval, document creation/editing, and file maintenance.
Other	6,815	Miscellaneous equipment purchases were made for the office relocation to the Insurance Building.
Total FY 02 Expenditures	<u>\$10,337</u>	

Washington Redistricting Commission

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	2,251	GIS training was funded to develop necessary skills to map the legislative and congressional districts ever-changing boundaries efficiently.
Technology Improvements	30,630	Map plotters and various computers allowed the agency to perform their mission in a timely manner.
Improved Work Processes	33,139	Printing of various legislative and congressional districts proposals were made prior to public hearings.
Other	5,823	Web Site development and maintenance was purchased with this funding.
Total FY 02 Expenditures	<u>\$71,843</u>	

Department of Community, Trade and Economic Development (CTED)

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	222,041	The expenditures were made to assist with CTED's Windows 2000 migration. For example, memory capacity on workstations was upgraded, and related software and training for technical IT staff was purchased. This contributed to the improvement of the security and stability of CTED's internal network.
Total FY 02 Expenditures	<u>\$222,041</u>	

Commission on Hispanic Affairs

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	591	This expenditure purchased receivers and hearing devices to enable non-English speaking individuals to participate in the Commission meetings.
Total FY 02 Expenditures	<u>\$591</u>	

Department of Revenue

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	22,982	These funds were spent on the Intelligent Character Recognition – Optical Character Recognition Data Capture System Implementation. This system will reduce the number of people necessary for data entry, and allow the agency to process data and error corrections faster.
Total FY 02 Expenditures	<u>\$22,982</u>	

Board of Tax Appeals

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	2,948	The agency purchased Microsoft Exchange Server and SQL Server software to upgrade the Board's e-mail and database applications. These upgrades will allow the Board to provide better customer service by quickly answering inquiries and resolving problems.
Total FY 02 Expenditures	<u>\$2,948</u>	

Liquor Control Board

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	14,963	These funds were used to provide Quality Awareness Training to agency staff as a way to improve business practices.
Total FY 02 Expenditures	<u>\$14,963</u>	

Department of Licensing

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	215	Staff attended "Front Page 2000-Level 2" training class to expand understanding and knowledge of web page development.
Performance Measurement	28,923	Funding was used to assist in the development and specifications of performance measures for selected program areas (Real Estate, Private Investigators and Security Guards).
Total FY 02 Expenditures	<u>\$29,138</u>	

Department of Corrections

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	35,396	Funds were expended to support change requests during the program design of the Offender Management Network Information (OMNI) Phase II project. OMNI will replace the agency's 20 year-old Offender Based Tracking System. Upon completion, the OMNI system will serve as a corrections management system that supports the operations/business practices of the Department.
Improved Work Processes	32,068	See above description.
Total FY 02 Expenditures	<u>\$67,464</u>	

Department of Agriculture

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	18,442	These expenditures were for contractual agreements, training materials, supplies and travel costs in support of the agency's training initiative. Training is provided to all levels of personnel in the agency and covers a wide range of topics from management skills to technical skills. The expenditures also include supply and travel expenditures incurred by the agency's Internal Quality Consultants and the Training Manager in support of the agency's quality initiative.
Employee Incentives	172	Employees were given recognition awards as incentives for participation on process improvement teams and contributions to the agency's quality initiative.
Other	9,551	An agency employee was assigned a part-time project to build the "infrastructure" of the agency's quality program. The project included work on the agency's intranet, developing the concept for a newsletter in support of the agency's quality efforts, and developing a plan to market quality within the Department of Agriculture.
Total FY 02 Expenditures	<u>\$28,165</u>	

Community and Technical College System

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	6,950	Web Page Update – Revise and update the SBCTC website to make website more accessible to colleges and community-based organizations, particularly in the exchange of data. Increases the public's ability to access information.
Performance Measurement	17,746	IT Needs Assessment – Contract with UW Evans School of Public Affairs to conduct a needs assessment of various industries' expectations regarding worker preparation in Information Technology departments to facilitate planning by colleges and universities. Supports business, industry, government and other employers within the community with education programs related to their needs. Transfer Study – Survey covering 24,000 respondents in all discipline areas from class of 2000-01 to answer the question "What role did being a transfer student play in getting a bachelor's degree?" Encourages improvement, flexibility, and modification of the community and technical colleges as future needs occur.
Total FY 02 Expenditures	<u>\$24,696</u>	

Department of Ecology

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	537	Technical Training - Provide and reinforce the technical foundation of Ecology staff through training in areas that are common to many.
	242	Applied Sustainability Training – Train Ecology staff in basic sustainability principles that provide the foundation for long-term environmental preservation.
Employee Incentives	5,390	Wellness Relocate the exhaust fan from wellness room in the Lacey building and purchase transmitter/receiver for wireless microphone to improve ability to communicate in the room.
	301	Pay small honorarium to speakers on wellness topics – 2 to 3 per year, statewide.
Technology Improvements	45	Improved Permit Info/Web - Redevelop the On-line Permit Assistance System (OPAS) to eliminate redundancy and improve service to potential permit applicants.
	15,391	Remote Access – Upgrade remote computer access for regional and field office staff. Faster connections make it more feasible for employees to work at home on flexible schedules and help the agency meet Commute Trip Reduction goals.
Performance Measurement	1,707	Diversity - Expand outreach and recruitment efforts, including making contacts with schools, funding travel to career fairs and hosting an Ecology "Invitational Career Fair" and translation services, and providing links from Ecology's home page.
Other	4,667	Safety - Purchase two Evacu-Trac chairs for the Central Regional Office in Yakima to transport physically challenged employees/visitors down stairways in the event of a fire alarm, and equip a room at the Eastern Regional Office in Spokane to be used as an infirmary or sick room.
	1,842	Interrelationships between the Economy and the Environment - Develop our understanding about the relationship between economic and environmental value and prepare presentation materials to be accessible to staff and external interested parties.
	1,831	Central Regional Office Education/Outreach Area - Provide an area to showcase new ideas of cooling inner cities with rooftop gardens versus dark surfaces; provide examples of durable products using recycled plastic; and demonstrate solar energy and home composting techniques.
Total FY 02 Expenditures	\$31,953	

End-of-Fiscal Period Expenditure Patterns

AGENCIES WITH STATE GENERAL-FUND appropriations were asked to respond to the question of whether the existence of the Savings Incentive Program affected their end-of-fiscal year expenditure patterns. Responses are reported below.

House of Representatives

(No comments submitted)

Senate

“None.”

Joint Legislative Audit and Review Committee

(No comments submitted)

Joint Legislative Systems Committee dba Legislative Service Center (LSC)

None, all but approximately \$200 of the total GF-S appropriation reversion is for dedicated legislative IT funds where expenditure decisions are made outside of LSC’s decision authority.

Statute Law Committee

The potential for Savings Incentive Account rebates of unspent Fiscal Year 2002 GF-S appropriations had no effect on our end-of-fiscal year expenditures.

Supreme Court

“None.”

Court of Appeals

" None."

Commission on Judicial Conduct

“No unusual effect on end-of-fiscal year expenditures.”

Office of the Governor

“The Savings Incentive Account removes the end of the fiscal year “deadline” and allows us to focus on the needed improvements.”

Office of the Lieutenant Governor

“N/A”

Office of Public Defense

“None. The GF-S appropriation to the Washington State Office of Public Defense was appropriated for the specific purpose of being spent completely on parents’ representation in dependency and termination cases.”

Public Disclosure Commission

"The Public Disclosure Commission views its Savings Incentive Account (SIA) as a rainy day fund only to be used to pay for allowable expenditures that are necessary and critical to the agency's core functions that otherwise would not be possible because of budget constraints.

At the close of FY 2002, the Commission approved expenditures for technology improvements estimated to cost approximately \$30,000. Had the agency not received an unexpected rebate for legal services at the end of the fiscal year, it would have been necessary to expend approximately \$15,000 from the Savings Incentive Account for these technology acquisitions. The existence of the savings incentive account meant that the agency could get the needed products and service agreements in a timely manner.

As a small agency with limited resources and financial flexibility, having even a modest savings account to rely on to pay for unanticipated equipment failures, required expertise or some other critical expense means that agency can perform its functions more responsibly and with a higher degree of confidence."

State Redistricting Commission

"As of June 30, 2002, the Washington State Redistricting Commission became inactive until January 2011, after the next federal census is completed."

Washington Citizen's Commission on Salaries for Elected Officials

"No effect."

Attorney General

"During FY02, the potential for savings incentive money was not considered in making expenditure decisions as demand exceeds revenue for our GFS operations this fiscal year. The AGO is currently reviewing all GFS expenditures and how best to use savings incentive funding. The agency has identified needs within our technology area. The IS division chief is working to capture the best use of the funds. It is anticipated that the allotment and expenditures will incur during Fiscal Year 2003."

Caseload Forecast Council

"As a small agency with predominantly fixed costs, the potential for "rebates" had little effect on our end-of-fiscal year expenditures."

Department of Community, Trade and Economic Development

"There was no significant influence on CTED's spending pattern for the fiscal year 2002 General Fund-State appropriation. However, the existence of the Savings Incentive Account provides us the potential opportunity to use this fund to improve efficiencies and effectiveness of CTED's operations."

Office of the Forecast Council

"Due to the nature of our work here through this office, savings are on all of our minds. We try to spend frugally and research each purchase. It is important to us that we not only reduce spending and use best practices, but that we plan ahead in the event of further economic crunches. The economy is as motivating a factor to reduce our spending, as the Savings Incentive program. In combination it makes it very appealing to not spend all of our pennies."

Office of Financial Management

"The Savings Incentive Account removes the end of the fiscal year "deadline" and allows us to focus on the needed improvements."

Health Care Authority

“No effect. The Health Care Authority’s general fund state appropriation is in support of medical and dental services provided at community clinics. To the greatest extent possible, we direct these funds to the clinics in order to maximize the services provided with that funding.”

Commission on Hispanic Affairs

“The ability to utilize Savings Incentive funds in future periods allowed the agency flexibility in the timing and funding of efficiency and productivity purchases.”

Human Rights Commission

“None.”

Department of Revenue

“The Department of Revenue continually takes great care in monitoring expenditures to ensure appropriations are not overspent. The availability of a Savings Incentive "rebate" is a good financial management tool that rewards managers for saving dollars by making funds available for unanticipated, but necessary, activities or equipment.”

Board of Tax Appeals

“No effect.”

Washington State Patrol

“The possibility of accruing a Savings Incentive Account reserve had no impact on Fiscal Year 2002 General Fund-State spending decisions made by the Washington State Patrol.”

Liquor Control Board

“The potential for Savings Incentive Account “rebates” did not have an effect on our end -of-fiscal year expenditures.”

Department of Labor and Industries

“It did not have any effect on year end GF-state expenditures.”

Department of Licensing

“None.”

Military Department

“We strongly support the Saving Incentive Program. The ability to make one-time quality improvements and/or provide incentives to staff with GF-S savings is very beneficial to a small agency like the Military Department. Knowing that a potential rebate of unspent Fiscal Year 2002 GF-S appropriations was available, our managers were prudent in their end of year spending.”

Indeterminate Sentence Review Board

“The effect was to do some anticipatory planning of potential employee training and a cost-benefit study of potential hardware as alternatives to present low-tech operations, i.e. remote conferencing vs. travel and in-person hearings and researching other state's techniques.”

Public Employment Relations Commission

“None.”

Department of Social and Health Services

“No effect.”

Department of Health

“The Department of Health continues to manage all funding sources judiciously throughout the course of the biennium. The Savings Incentive Account “rebates” play only a minor role on the end-of-fiscal year expenditures.”

Department of Veterans Affairs

“The Department of Veterans Affairs did not have the financial flexibility not to spend our full GF-S appropriation in FY 2002, therefore, the potential for Savings Incentive Account “rebates” did not influence our end-of-fiscal year expenditures.”

Department of Corrections

“The Department’s expenditure pattern was not altered as a result of the potential for Savings Incentive Account appropriations in future biennia.”

Services for the Blind

“No effect, as we are a small state agency reliant upon federal dollars (80 percent of our funding) that require state match. Currently, our state funding is at a level that barely allows us to match the federal dollars available to our agency.”

Sentencing Guidelines Commission

“In light of the budgetary constraints, the Sentencing Guidelines Commission limited agency expenditures for 2002 to the minimum required to carryout its mandate. The long delayed plan to update the agency’s database was approved for completion in 2003 primarily because of the existence of the Savings Incentive Account.”

Higher Education Coordinating Board

“The Higher Education Coordinating Board implemented the Governor’s directive for cost reductions midway through the fiscal year. Thus, the potential savings had no impact on our end-of-fiscal year expenditures.”

Office of the Superintendent of Public Instruction

“The effect of the potential for Savings Incentive Account “rebates” is that OSPI’s budget planning and execution assumes a long-term perspective and avoids unnecessary last-month spending. The SIA allows us to strategically plan for our technology upgrades and staff training instead of rushing to do them at the end of the fiscal year.”

School for the Blind

“No effect on our end-of-year expenditures.”

School for the Deaf

“The potential for Savings Incentive Account “rebates” had no effect on our end-of fiscal year expenditures.”

Central Washington University

“None, as budgets have been cut repeatedly, we spend our entire state general fund appropriation each fiscal year.”

Western Washington University

“The potential “rebates” of unspent General Fund-State appropriations was not a factor in Western Washington University’s end-of-fiscal year expenditure plans for FY 2002.”

Spokane Intercollegiate Research and Technology Institute (SIRTI)

“During Fiscal Year 2001 SIRTI underspent our allocated general fund-state appropriations by \$15,542. Unfortunately, SIRTI’s funds were allotted through CTED, so I am assuming that they received the Savings Incentive monies. During Fiscal Year 2002, SIRTI conserved monies due to the freeze implemented by the Governor and other cost cutting strategies. SIRTI saved a little more than \$52,000. The potential for the Savings Incentive Account “rebates” is always in the back of our mind, but the benefits of efficiency in the organization are the driving force behind the money-saving opportunities.”

Washington State Arts Commission

“Allows our agency to build up funds needed to replace outdated equipment (computers, printers, software, etc.).”

Columbia River Gorge Commission

“We always keep the incentive account in mind at the end of the fiscal year. Last year this agency reverted funds back to the state. The incentive funds account is an excellent tool to encourage effective, efficient spending at the end of the fiscal year, and to discourage needless spending.”

Department of Ecology

“Due to supplemental budget GF-S reductions, we had to hold vacancies and reduce expenditures to stay within our appropriations, and thus had no room for additional end-of-fiscal year savings, and no room for the potential for Savings Incentive Account rebates to have an effect.”

Note: Ecology has established methods for budgeting for and allocating costs for facilities, information technology and most employee training resources. Ecology also budgets for a performance and recognition program, which, in addition to managing performance measures and agreements for the agency, seeks out opportunities to implement and recognize efforts to improve customer service and efficiency and effectiveness. Because of this, Ecology adopted a process for allocating SIA monies that supports those efforts/activities in the agency that do not have ongoing budgets.

Interagency Committee for Outdoor Recreation

“None.”

Growth Management Hearings Office

“None.”

Department of Fish and Wildlife

“The potential for Savings Incentive allocation enable us to utilize GF-S more effectively to assure that unspent appropriation will be used for enhancement of a better financial system.

Note: The WDF&W accrues unspent Savings Incentive Fund for the development of a Contract Management System to improve the managing of federal and local contracts. Approximately over 40 percent of the agency operating funds are generated from federal and local grants.”

Department of Agriculture

“The potential for Savings Incentive Account “rebates” had no effect on the agency’s year-end expenditures.”

State Board for Community and Technical Colleges

“None.”

**TEXT OF LAWS OF 1997, CHAPTER 261 (RCW 43.79.460)
AS AMENDED IN THE 1998 LEGISLATIVE SESSION:**

AN ACT Relating to the efficient use of general fund moneys; adding new sections to chapter 43.79 RCW; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. A new section is added to chapter 43.79 RCW to read as follows:

(1) The savings incentive account is created in the custody of the state treasurer. The account shall consist of all moneys appropriated to the account by the legislature. The account is subject to the allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures from the account.

(2) Within the savings incentive account, the state treasurer may create subaccounts to be credited with incentive savings attributable to individual state agencies, as determined by the office of financial management in consultation with the legislative fiscal committees. Moneys deposited in the subaccounts may be expended only on the authorization of the agency's executive head or designee and only for the purpose of one-time expenditures to improve the quality, efficiency, and effectiveness of services to customers of the state, such as one-time expenditures for employee training, employee incentives, technology improvements, new work processes, or performance measurement. Funds may not be expended from the account to establish new programs or services, expand existing programs or services, or incur ongoing costs that would require future expenditures.

(3) For purposes of this section, "incentive savings" means state general fund appropriations that are unspent as of June 30th of a fiscal year, excluding any amounts included in across-the-board reductions under RCW 43.88.110 and excluding unspent appropriations for:

- (a) Caseload and enrollment in entitlement programs, except to the extent that an agency has clearly demonstrated that efficiencies have been achieved in the administration of the entitlement program. "Entitlement program," as used in this section, includes programs for which specific sums of money are appropriated for pass-through to third parties or other entities;
- (b) Enrollments in state institutions of higher education;
- (c) A specific amount contained in a condition or limitation to an appropriation in the biennial appropriations act, if the agency did not achieve the specific purpose or objective of the condition or limitation;
- (d) Debt service on state obligations; and
- (e) State retirement system obligations.

(4) The office of fiscal management, after consulting with the legislative fiscal committees, shall report to the treasurer the amount of savings incentives achieved. By December 1, 1998, and each December 1st thereafter, the office of financial management shall submit a report to the fiscal committees of the legislature on the implementation of this section. The report shall (a) evaluate the impact of this section on agency reversions and end-of-biennium expenditure patterns, and (b) itemize agency expenditures from the savings recovery account.

Section 2. A new section is added to chapter 43.79 RCW to read as follows:

The education savings account is created in the state treasury. The account shall consist of all moneys appropriated to the account by the legislature.

- (1) Ten percent of legislative appropriations to the Education Savings Account shall be distributed as follows: (a) Fifty percent to the distinguished professorship trust fund under RCW 28B.10.868; (b) seventeen percent to the graduate fellowship trust fund under RCW 28B.10.882; and (c) thirty-three percent to the college faculty awards trust fund under RCW 28B.50.837.
- (2) The remaining moneys in the Education Savings Account may be appropriated for (a) common school construction projects that are eligible for funding from the common school construction account, and (b) technology improvements in the common schools.

Section 3. RCW 28A.305.235, as amended by this act, is recodified as a section in Chapter 43.79 RCW.

Section 4. On the effective date of this act, the state treasurer shall transfer ten percent of the unappropriated balance of the education savings account, to be distributed as follows: (a) Fifty percent to the distinguished professorship trust fund under RCW 28B.10.868; (b) seventeen percent to the graduate fellowship trust fund under RCW 28B.10.882; and (c) thirty-three percent to the college faculty awards trust fund under RCW 28B.50.837.

Related Language in Appropriation Bills

Sec. 718. INCENTIVE SAVINGS--FY 2002. The sum of one hundred million dollars or so much thereof as may be available on June 30, 2002, from the total amount of unspent fiscal year 2002 state general fund appropriations is appropriated for the purposes of RCW 43.79.460 in the manner provided in this section.

- (1) Of the total appropriated amount, one-half of that portion that is attributable to incentive savings, not to exceed twenty-five million dollars, is appropriated to the savings incentive account for the purpose of improving the quality, efficiency, and effectiveness of agency services, and credited to the agency that generated the savings.
- (2) The remainder of the total amount, not to exceed seventy-five million dollars, is appropriated to the education savings account for the purpose of common school construction projects and education technology.
- (3) For purposes of this section, the total amount of unspent state general fund appropriations does not include the appropriations made in this section, amounts included in allotment reductions in sections 706, 707, 708, and 713 of this act, or any amounts included in across-the-board allotment reductions under RCW 43.88.110.

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